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CLDP (TEJTEL)  
CASABLANCA FOR FCS (ORTIZ)  
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SUBJECT: TUNISIA ECONOMIC HIGHLIGHTS

¶1. (U) This cable contains highlights of recent economic developments in Tunisia on the following topics:

- ¶A. Central Bank Raises Reserve Requirement
- ¶B. EIB Loans Tunisia 260 Million Euros
- ¶C. GOT Adopts New Customs Code
- ¶D. GOT Forecasts Growing Budget Deficit and Inflation
- ¶E. Karthago Airlines to Delist and Merge with Nouvelair

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Central Bank Raises Reserve Requirement  
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¶2. (U) On May 27, Tunisia's Central Bank (BCT) raised bank reserve requirements to 7.5 percent in order to absorb liquidity and stem inflation. The Central Bank had already raised the reserve requirement to 5 percent in January from 3.5 percent. The benchmark interest rate remained unchanged at 5.25 percent. The Central Bank stated it was raising reserve requirements to reduce surplus liquidity and limit consumer credit, which can drive the rate of inflation. The consumer price index climbed to 6 percent year-on-year in April, up from 5.9 percent in March.

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EIB Loans Tunisia 260 Million Euros  
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¶3. (U) On May 16, the European Investment Bank (EIB) granted a loan of 200 million euros to Tunisia to be disbursed to small and medium-size enterprises (SMEs). The EIB announced the credits would be granted to SMEs through five Tunisian banks: Amen Bank, Arab Tunisian Bank, Banque de l'Habitat, Banque Internationale Arabe de Tunisie, and l'Union Bancaire pour le Commerce et l'Industrie. The EIB also granted a loan of 60 million euros to Tunisian state-owned Electricity and Gas Company (STEG) to support the development of Tunisia's natural gas network. According to the EIB, this loan aims to reduce oil imports by encouraging commercial and household natural gas connections. The EIB holds nearly eight percent of Tunisia's external debt; much of this funding is designed to support implementation of Tunisia's Association Agreement with the European Union.

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GOT Adopts New Customs Code  
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14. (U) On May 13, the Tunisian Parliament adopted a new Customs Code, which will go into effect January 1, 2009. According to the Minister of Finance Mohamed Rachid Kechiche, the new code was necessary to adapt customs services to current national economic needs. Kechiche explained that code has three objectives: saving time and money for companies during customs clearance, reinforcing transparency in dispute resolution, and bringing Tunisian customs legislation into compliance with international agreements. Additionally, Kechiche announced that the GOT is currently working on legislation that will improve enforcement and limit importation to the black market. A GOT Customs official told Econoff that the new code represents a major shift in emphasis away from control and towards facilitating trade. He added that the code will also facilitate Customs officials' efforts to enforce intellectual property rights by expanding seizure authority (NFI).

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GOT Forecasts Growing Budget Deficit and Inflation  
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